

## CHAPTER 1009

### LIFE INSURANCE COMPANIES — LEGAL RESERVE REQUIREMENTS — HEDGING TRANSACTIONS

S.F. 2132

**AN ACT** relating to the legal reserve requirements of life insurance companies.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. [Section 511.8, subsection 22](#), paragraph i, subparagraph (2), Code 2020, is amended to read as follows:

(2) Securities pledged as collateral for financial instruments used in highly effective hedging transactions as defined in the national association of insurance commissioners' statement of statutory accounting principles no. 86 or the national association of insurance commissioners' statement of statutory accounting principles no. 108, together with securities pledged to a counterparty, clearing organization, or clearinghouse on an upfront basis in the form of initial margin, independent amount, or other securities pledged as a precondition of entering into highly effective hedging transactions pursuant to subparagraph (1), are not eligible in excess of ten percent of the legal reserve of the life insurance company or association, less any financial instruments used in hedging transactions held in the legal reserve under [this subsection](#) and less any securities included under subparagraph (3).

Approved March 12, 2020